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FIRST COUNTRY COOPERATION FRAMEWORK FOR SAINT VINCENT AND THE GRENADINES (1997-1999)

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INTRODUCTION

1. The first country cooperation framework (CCF) for Saint Vincent and the Grenadines (1997-1999) is the outcome of extensive consultations with the Government and key national development partners. It is a joint collaborative effort between UNDP and the Government and reflects the country's national development priorities as outlined in its medium-term economic strategy paper (1996-1999). Consultations on the CCF began with the mid-term review of the third country programme (1992-1996) in 1995, and culminated in a series of in-depth discussions with the Ministry of Finance and Planning on the directions and content of the programme and formulation of the Advisory Note. The formulation of the Advisory Note was preceded by a consultative meeting of the Directors of Planning of the Organization of Eastern Caribbean States (OECS) in March 1996, where the new successor programming arrangements, thrust of the Regional Programme for Latin America and the Caribbean (1997-1999) and strategies for enhancing the impact of UNDP programmes in individual countries and the subregion were discussed. The United Nations specialized agencies, bilateral and multilateral donors and key regional institutions and NGOs were consulted throughout the preparation of the CCF.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

2. Saint Vincent and the Grenadines is a small multi-island country of 107,400 people comprising Saint Vincent, the main island, and the Grenadines which are made up of seven smaller inhabited islands, and approximately 30 islets spread over a surface area of 388 sq km. The economy is primarily based on agriculture, tourism and some manufacturing. Small size, the multi-island nature of the country and a difficult terrain generally make provision and maintenance of social services and physical infrastructure prohibitively expensive. Furthermore, openness of the economy, dependence on a narrow range of resources, in particular the banana production and fragile marine ecosystems, all combine to expose the country to high economic vulnerability. The impending loss of the preferential trading arrangements for bananas with the European Union, intensification of globalization and trade liberalization and their impact on small developing economies of the region, presently constitute the major sustainable human development challenges facing the country.

3. The programmes proposed under the CCF must be viewed within the context of the prevailing economic situation of moderate growth, relatively high unemployment and significant levels of poverty. In spite of these constraints, considerable progress has been made in both the economic and social spheres. Economic performance over the 1985-1994 period has been impressive, in spite of the negative impacts of external market dislocations. Annual average growth rate of real gross domestic product (GDP) was 5.45 per cent despite the lower rates of 3.1 per cent, 1.4 per cent and 2.6 per cent in the last three years. Declines in the agricultural and manufacturing sectors were partially compensated for by increased growth in the nascent tourism sector. Based on the 1991 census, the unemployment rate in 1994 was estimated to be 19.8 per cent.

4. Progress in social development is evidenced, in part, by a human development index (HDI) rating of 0.738 as a result of which Saint Vincent and the Grenadines is ranked among those countries which have achieved medium human development. However, the HDI ranking is lower than the hemispheric average of 0.8226 and the global average of 0.7589, and masks the fact that there is unequal distribution of wealth and income in the country. Furthermore, per capita gross national product, estimated at US$ 2,400 in 1994, is the lowest in the OECS countries and the third lowest in the anglophone Caribbean. Although there have been substantial improvements to the national insurance scheme, the Government recognizes that there is a need to improve the regulatory framework for providing adequate social safety nets and for meeting the basic needs of the disadvantaged in the society.

Poverty and sustainable livelihoods

5. The Government accords high priority to meeting the basic needs of the population in health, education and housing. For example, health budgetary support, maintained at an annual average of 15.4 per cent of recurrent expenditure, has resulted in an increased life expectancy and a consistently declining infant mortality rate. In education, the Government devotes 16.3 per cent of total expenditure to the sector and the continuing emphasis on the development of primary education over the years has achieved a literacy rate of 72.5 per cent. Greater efforts are required, however, particularly in secondary education and skills training. While Saint Vincent and the Grenadines has made considerable progress in human development, there is still a high incidence of poverty in both rural and urban areas. Preliminary results of the ongoing Caribbean Development Bank's (CDB) poverty assessment survey indicate that over 30 per cent of the population is living below the poverty level. Generally speaking, chronic, structural, and transitory poverty all exist in the country. Two causes have been identified by the Government: low income and employment generation in the key productive sectors; and deficient capacity to facilitate training and development for expanding skills and increasing productivity.

6. The decline in competitiveness of the important banana industry is likely to contribute to a worsening of poverty and unemployment. As the country embarks on the programme of structural reorganization of the banana industry to restore export competitiveness, the adjustment process could create greater poverty. The large number of marginal farmers who will be forced out of the industry would augment the numbers of the poor, many of whom are women if present agricultural diversification initiatives are not successful. The Government will need to adopt a developmental strategy that alleviates and reduces poverty and, at the same time, creates alternative productive opportunities for the poor. Emphasis will be placed on ensuring the success of the restructuring programme for which the Government has earmarked European Union Stabex funds.

Environment and natural resource management

7. Although environmental management is a matter of great concern to the Government, efforts in this area have only been initiated in the recent past. Given the fragility of the marine ecosystem, particularly in the island chains

which are the main centres for tourism development, and in the light of the Government's plans for economic diversification, it is critical that Saint Vincent has the capability to protect and enhance the natural resource base so as to permit sustainable economic growth. The potential threat to the marine ecosystem is exacerbated by the fact that measures to deal with solid and liquid waste management are only now being developed under the regional OECS waste management project. Since the United Nations Conference on Environment and Development and the Global Conference on Small Island Developing States, the Government has received assistance from the United Nations Environment Programme (UNEP), UNDP and other donors to develop environmental frameworks and has acceded to a number of international conventions and protocols such as the Convention on Biodiversity and the Montreal Protocol. A national environment action plan and a physical development plan are now in place and future efforts will focus on reinforcing measures to implement and enforce these plans.

Governance

8. In the area of governance, prudent fiscal policies have been applied consistently, resulting in an average recurrent surplus/GDP of 3.7 per cent over the period 1992-1995. This commendable performance has been achieved through determined efforts to restrain expenditures in spite of heavy demands for the continued provision of public services. However, a high per capita cost of public administration, in part resulting from inadequate levels of highly trained manpower and the challenges of meeting the needs of a multi-island State, is reflected in a lack of capacity to deliver public services efficiently and effectively. In addition, resource deficiencies in human and financial resources have seriously impeded the effective implementation of the Public Sector Investment Programme (PSIP) in recent years. This has resulted in less than optimal utilization of scarce external donor assistance. Since 1988, considerable efforts have been directed at administrative reform and the Government is continuing with measures to improve efficiency in economic planning and management through streamlining and modernization of the relevant institutions and introduction of better budgeting and financial management systems. Emphasis is also being placed on improving the country's tax administration. The Government intends to further the process of administrative reform and to build capability in economic planning and public sector investment programme management which will result in the efficient and better utilization of social development resources and improvements in human development.

Government strategy

9. The Government's medium-term economic strategy has the following objectives: (a) sustained economic growth and development in order to expand employment, reduce poverty and improve the quality of life; (b) economic and agricultural diversification in order to improve the productivity of the banana industry and achieve international competitiveness; (c) efficiency and effectiveness of the public sector and human resource development; and (d) protection of the environment. The Government has initiated a number of long-term reforms to promote economic growth and create jobs, reduce poverty and social inequality and enhance public sector efficiency. Its medium-term strategy emphasizes private sector-led growth and seeks to build closer partnerships between the private sector, the non-governmental organizations

(NGOs) and the public sector in promoting sustainable human development (SHD) in the country. Emphasis is being placed on economic and agricultural diversification, through the expansion of the tourism industry, the development of offshore financial services, micro-enterprise development and improving the productivity and economic viability of the banana industry. The overriding objective is to achieve balanced economic growth that takes into account the continuous improvement of the quality of life for the entire population through the expansion of the productive sectors, while preserving the country's natural resources.

II. RESULTS AND LESSONS OF PAST COOPERATION

10. During the third country programme, UNDP technical cooperation with the Government focused primarily on supporting national priority programmes in agricultural and economic diversification, human resource development, public sector reform, poverty alleviation and environmental management. In spite of declining levels of much-needed external technical assistance, considerable progress has been made in these areas, and interventions undertaken with UNDP cooperation have provided the basis for further initiatives by the Government and other partners. Through direct support and training, UNDP provided critical support in economic planning and management to the Ministry of Finance and Planning which has resulted in enhanced policy analysis and multisectoral integrated development planning capabilities.

11. UNDP cooperation with the Government's Agricultural Reform and Development Programme through United Nations Volunteer (UNV) specialist land surveyors is expected to provide rights of access to land to small farmers, and constitutes a major component of the ongoing agricultural diversification and banana restructuring programmes. The Government's institutional capacity to integrate environmental management into economic and social development effectively is being strengthened through the United Nations Centre for Human Settlements (UNCHS)-executed and UNDP/UNEP-funded environmentally sustainable physical development planning programme. Through this assistance, a regulatory framework for land use, the production of a national physical development plan, and the introduction of improved methodologies for integrated coastal area planning and management in the Grenadines have been successfully developed.

12. As was noted in the mid-term review, use of UNV specialists was an extremely valuable modality for the delivery of technical assistance. In most projects, however, UNV assignments were seen as direct support and there were inadequate counterpart arrangements to foster the transfer of skills. In the case of the Physical Planning and Environmental Management programme, local planning staff were required to serve as counterparts on various other projects, and were therefore not able to devote themselves fully to any one of the projects. A conscious effort to identify and provide local counterpart staff will be made in the future, and UNDP intends to provide training in the national execution modality to enhance the Government's capacity in this area. There was also very limited use of the technical cooperation among developing countries (TCDC) modality that has proved very effective elsewhere in the region. UNDP and the Government will explore ways of strengthening utilization of the TCDC modality during the implementation of the CCF.

III. PROPOSED STRATEGY AND THEMATIC AREAS

A. Strategy

13. On the basis of the Government's development objectives and the lessons of the last country programme, UNDP cooperation will be directed at complementing ongoing efforts to address the country's pressing SHD priorities. Specifically, assistance will be directed towards supporting measures to achieve structural transformation of the economy to increase growth and economic productivity in a manner which reduces poverty, and to promoting public sector reform in order to enhance management capacity and effective utilization of resources. In the light of the small level of resources, the areas of concentration will be limited to poverty reduction and public sector management. Activities under these themes will be closely linked to similar initiatives proposed under the subregional OECS multi-island programme and the regional programme for Latin America and the Caribbean.

14. UNDP strategy will focus on utilizing programme funds to generate additional resources from the Government and other development partners to support the proposed SHD thematic areas of concentration. The first CCF support will be directed to broad, upstream strategic inputs, including the identification and design of programmes. Strategic alliances will be forged with other partners working in poverty reduction and public sector management, in particular the CDB, the European Union and the British Development Division (BDD).

15. Based on its comparative advantage in the delivery of technical assistance and coordination and management of multi-donor development programmes, UNDP will utilize its limited funding as a catalyst for the management of SHD technical assistance programmes on behalf of the Government and other donors as required. UNDP global resources such as support for policy and programme development/ support for technical services (SPPD/STS) will be used for this purpose, and there will be concerted efforts to apply the programme approach in the design and implementation of programmes to be undertaken under the CCF. To this end, UNDP is in the process of establishing an implementation unit and has already initiated discussions with the donor community and the Government on how UNDP could play a pivotal role in this regard.

B. Thematic areas

Poverty reduction and sustainable livelihoods

16. As preliminary results of the CDB poverty assessment show, poverty poses a major challenge to Saint Vincent and the Grenadines and the Government is committed to addressing the problem. UNDP cooperation will therefore focus on assisting the Government in identifying and developing policies and broad frameworks that will shape specific poverty reduction interventions, and structuring responses to issues arising out of the poverty assessment at both upstream and downstream levels. In the process, UNDP will cooperate in building implementing capability in the community development outreach network

programmes, with emphasis on strengthening key non-governmental organizations (NGOs), thus complementing the British Government and European Union initiatives in their ongoing poverty reduction programmes.

17. The main objectives of the programme are to strengthen the Government's capacity to address poverty and social equity issues. Specific activities under the poverty reduction and sustainable livelihoods programme will range from providing support to the development of a national policy framework for establishing micro-enterprises to generate jobs and income for the poor. The following activities will be undertaken: (a) based on the results of the poverty assessment, UNDP will support the Government in developing long-term poverty reduction strategies and action plans; and (b) UNDP will provide support towards institutional strengthening and development of gender-disaggregated databases and indicators for continuous monitoring and impact assessment through poverty mapping; refinement of social development planning tools, capacity-building of the central statistical office and social development units. Activities will include direct support and training and will be complemented by a similar programme proposed under the OECS multi-island programme which envisages the development of a subregional/regional Human Development Report that comprises standardization of data collection and social indicators and strengthening of the central statistical offices and social planning units in member countries.

18. In collaboration with other United Nations agencies and donors, UNDP will support the Government's sustainable livelihoods activities for poor farmers affected by the banana restructuring programme through micro-enterprise development. The focus of UNDP support will be on cooperating with the Government to design specific programmes and projects to accelerate access to donor resources such as European Union Stabex funds that have been earmarked for this purpose and to create means of access to credit for the poor through the establishment of revolving funds and strengthening of existing micro-enterprise credit schemes. Emphasis will be placed on supporting the development of micro-enterprises for women; collaboration with the United Nations Development Fund for Women (UNIFEM) will be sought.

19. At the end of the CCF period it is expected that the Government will have a comprehensive poverty eradication national action plan, an accurate database of social indicators to monitor social development trends on a continuous basis and the institutional capacity at both the national and local levels to undertake poverty reduction programmes. Job creation activities through micro-enterprises supported by viable and accessible credit-revolving schemes and a core of micro-size entrepreneurs that includes women will be in place.

Management development

20. The Government of Saint Vincent and the Grenadines has identified public sector efficiency, improved economic and financial management and the expansion and improvement of social infrastructure and services as major development priorities. Apart from the overall need to improve public sector efficiency, limited absorptive capacity, usually as a result of inadequate financial and human counterpart resources, has precluded timely access by the country to donor financial assistance. UNDP comparative advantage lies in providing strategic

support to the Government's administrative reform initiatives. The main objective of the management development programme is to assist the Government in improving public sector efficiency and building its capacity to plan, coordinate and better manage both domestic and external resources. Support will be directed at the Ministry of Finance and Planning which is responsible for economic planning and management of PSIPs where the greatest need has been identified. A key area for which the Government has requested UNDP cooperation is in the design and formulation of a comprehensive poverty reduction programme through which multi-donor funds earmarked for Saint Vincent would be channelled. UNDP will build upon previous interventions in management development to address some of the planning and implementation deficiencies in key ministries.

21. Planned activities include assistance to the Government with the design and formulation of social development programmes and projects for which resources have already been identified to speed up the implementation process. In addition, training in multisectoral planning and coordination will be provided to the Ministry of Planning to strengthen its overall planning, coordination and PSIP implementation role, especially with respect to poverty-related programmes. Direct technical assistance and training in the creation of databases of information and utilization of modern information management systems will be provided to the Government's central statistical office in the Ministry of Finance and Planning. This training will include TCDC exchanges. UNDP will also explore the possibilities of directly managing SHD programmes and projects funded by non-UNDP resources, with a view to improving the Government's capacity in this area.

22. Cooperation will also be targeted at upgrading management and the project implementation capacity of the Government through development and application of shared databases and information management systems within the public sector, and strengthening of the Ministry of Finance to plan, coordinate and manage the PSIP in an integrated manner. Activities in upgrading management systems will be complemented by similar initiatives at the subregional level.

23. At the end of the CCF period it is expected that the Government will have an enhanced capacity to plan, coordinate, manage and implement its public sector investment programmes in an integrated and timely manner and in line with economic and social development priorities. The central statistical office and social planning units will have trained staff with the capacity to monitor and assess the impact of social development programmes. Performance indicators, an information management system and a framework for coordinating donor inputs will be in place.

IV. MANAGEMENT ARRANGEMENTS

A. Execution and implementation

24. While national execution will be the preferred modality, given the proposed focus of UNDP cooperation, viable NGOs and community-based groups are expected to be included as partners in the execution and implementation of the programme. UNDP will provide direct support as required and United Nations agencies such as the Food and Agriculture Organization of the United Nations, the United Nations

Children's Fund, the United Nations Centre for Human Settlements and UNV are expected to play an important role in the execution and implementation of the programme where necessary. Regional expertise will also be mobilized through TCDC programmes and exchanges.

B. Monitoring, review and reporting

25. The CCF will be subject to a triennial review and standard project reviews and evaluations, where necessary, which will seek to involve all stakeholders. Programmes involving broad partnerships will be monitored through programme management committees. UNDP will cooperate in the establishment of appropriate benchmarks for ongoing evaluation and monitoring of the CCF. Collaboration with OESP in developing evaluation and monitoring instruments at programme and project levels will be sought.

C. Resource mobilization

26. While levels of external aid and technical assistance to Saint Vincent and the Grenadines have declined over the past three years, the principal traditional donors (CDB, the World Bank, the European Union, France, BDD and the Canadian International Development Agency) will continue to have significant resources for social development programmes during the CCF period. UNDP resource mobilization strategy will seek to build strategic alliances with these partners and seek to strengthen the Government's capacity to access these resources and manage the programmes in a specific manner. UNDP core resources will therefore be catalytic and directed at programme design and formulation that would provide a broad framework for multi-funded and government-coordinated programme interventions, especially in poverty reduction and related SHD themes. SPPD/STS and some of the target for resource assignment from the core resources will be utilized this way. Through the Resident Coordinator system, UNDP will work closely with the Government to coordinate other donor's inputs at the outset of the CCF in order to encourage joint programming. UNDP is in the process of establishing a resource mobilization unit and its activities will be directed at building strategic alliances with other United Nations agencies, and the bilateral and multilateral financial institutions. Emphasis will initially be placed on provision of services in project identification, formulation and implementation to enhance the absorbtion capacity of the Government of Saint Vincent and the Grenadines, for example the European Union Stabex funds referred to in paragraph 6 above.

27. The resource mobilization target table in the annex represents the total core and non-core resources that are expected to be available to support the UNDP programme from 1997 through 1999.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR SAINT VINCENT AND THE GRENADINES (1997-1999)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	110	
TRAC 1.1.1	308	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	40	
Subtotal	458[a]	
NON-CORE FUNDS		
Government cost-sharing	300	
Sustainable development funds	40	GEF
Third-party cost-sharing	-	
Subtotal	340	
TOTAL	798[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: GEF = *global environment facility*; IPF = indicative planning figure; SPPD = support for policy and programme development; STS = support for technical services; and TRAC = target for resource assignment from the core.